Department of Planning and Budget
2010 Fiscal Impact Statement

1. **Bill Number:** HB841

House of Origin	X	Introduced	___	Substitute	___	Engrossed
Second House	___	In Committee	___	Substitute	___	Enrolled

2. **Patron:** Stolle

3. **Committee:** Transportation

4. **Title:** **DMV records**

5. **Summary:** This bill authorizes the Department of Motor Vehicles to use the National Change of Address System to update its customer records.

6. **Fiscal impact estimates:**

6a. Expenditure impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2010	-	-	-
2011	($84,370)	-	NGF
2012	($115,510)	-	NGF
2013	($115,310)	-	NGF
2014	($115,310)	-	NGF
2015	($115,310)	-	NGF

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** This legislation is expected to result in a decrease in expenditures due to a decline in re-mailing costs resulting from better address information. Reducing the amount of undelivered mail will reduce the costs associated with wasted postage.

The first year expenditure is offset by an estimated cost of $31,140 to design and implement an automated interface and records update to support the new process. In addition, the expenditure reduction is offset annually by $3,000 for the estimated cost of the National Change of Address System (NCOA). In FY 2013, the costs of the NCOA service are expected to increase to $3,200.

The Department of Motor Vehicles (DMV) receives returned mail because customers fail to update their addresses with the agency. In FY 2009, DMV sent 14,751,044 pieces of outgoing mail, including driver's licenses and vehicle registration renewal notices, vehicle registration decals, license plates, refund checks, notices of suspension, and hearing opinions. Of this mail, 382,346 pieces, or 2.6 percent, were undeliverable. DMV mails correspondence by certified mail and by "regular" mail. Rates vary depending on the size and weight of the package. The majority of pieces of mail that are returned to DMV must be re-mailed, increasing agency costs. Costs for re-mailing can range from $0.36 to $4.34 per piece. The

cost avoidance has been conservatively estimated by multiplying the most recent annual volume of undeliverable mail by $0.31 for postage.

9. **Specific agency or political subdivisions affected:** Department of Motor Vehicles, other state agencies, local governments, residents of the Commonwealth.

10. **Technical amendment necessary:** No.

11. **Other comments:** Other state agencies utilize address information contained in DMV's records. Commissioners of the Revenue and Treasurers utilize address information contained in DMV's records for tax purposes.

    This bill is a companion to SB479.

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cc: Secretary of Transportation